



Mike McGinn, Mayor
City of Seattle

May 16, 2012

Honorable Sally J. Clark
President, Seattle City Council
City Hall, 2nd Floor
Seattle, WA 98124

Dear Council President Clark,

We have important decisions to make about the future of Key Arena. This is true whether a new arena gets built in Seattle or elsewhere in the region. It is true if no new arena gets built.

That is because, at present, Key Arena operations more or less break even each year. This is an accomplishment. Seattle Center staff can take pride in having built this business back after sustaining major losses when the Sonics left. Even so, the City does not have capital funds to properly maintain the facility, let alone to invest in needed upgrades and improvements.

Fortunately, we have several viable options to consider. Enclosed you will find a memo commissioned by Chris Hansen. In it, Global Spectrum lays out three possibilities. These include: continued operation as an arena, repurposing Key Arena as a theater venue, and repurposing Key Arena as a two-story exhibition center. Mr. Hansen has expressed a willingness to enter into a long term agreement to operate Key Arena under the first of these three options.

There could be benefits to such an arrangement. These include coordination and joint booking of events between the new arena and Key Arena; an ability to preserve existing jobs by meeting labor needs at both facilities; and, mitigation of ongoing financial risk to the City. Any such agreement would have to incentivize Mr. Hansen to use his team's professional expertise to maximize use of Key Arena so that it continues as a vital part of Seattle and of Seattle Center.

But these are not the only options. There are other ways to achieve these goals. The City could pursue some version of one of these options on its own. It is also possible that there are other partners interested and able to enter a long-term contract with the City to operate Key Arena.

It is important to take the time needed to explore these possibilities. It is also important that we include thorough stakeholder input and review as a part of this due diligence. A lot of people and organizations have a stake in Key Arena. They need to be heard. Robert Nellams has laid out a 10 to 12 month process that would convene the Seattle Center Advisory Commission to help identify the best path forward. This is also an opportunity to assess how Key Arena fits in with Seattle Center's overall business model. His memo detailing this process is also enclosed.

Fortunately, we do not need to make an immediate decision. A new arena will not be completed for several years. So we have some time. I look forward to working with the Council, Key Arena stakeholders and the public to set a new path for Key Arena.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike McGinn", with a stylized flourish at the end.

Mike McGinn, Mayor
City of Seattle

Cc: Councilmember Jean Godden. Chair Library, Utilities and Center
Councilmember Sally Bagshaw
Councilmember Tim Burgess
Councilmember Richard Conlin
Councilmember Bruce Harrell
Councilmember Nick Licata
Councilmember Mike O'Brien
Councilmember Tom Rasmussen
Robert Nellams, Director, Seattle Center